

Message Text

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PAGE 01 KUWAIT 01899 031334Z

70

ACTION NEA-09

INFO OCT-01 EUR-12 EA-10 ISO-00 TRSE-00 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 L-02 NSC-05 SS-15

STR-04 CEA-01 SAB-01 JUSE-00 PA-02 PRS-01 USIA-15

FEA-01 /119 W

----- 014611

R 031230Z MAY 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2900

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS KUWAIT 1899

DEPARTMENT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN KU

SUBJECT: RECENT KUWAITI UNDERWRITING ACTIVITY

REF: (A) KUWAIT 1584 (B) KUWAIT 1818

1. REF A NOTED APPARENT REDUCTION IN MANAGEMENT OF EUROBOND

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PAGE 02 KUWAIT 01899 031334Z

ISSUES BY KUWAITI INVESTMENT COMPANIES FOLLOWING PUBLIC OUTCRY

EARLIER THIS YEAR IN CONNECTION WITH APPLICATION OF ARAB BOYCOTT TO CERTAIN "ZIONIST" FINANCIAL INSTITUTIONS. REVIEW OF NEW EUROBOND ISSUES ANNOUNCED IN APRIL SUGGESTS THAT KUWAITI INSTITUTIONS FULLY BACK INTO MAINSTREAM OF UNDERWRITING AND MANAGEMENT OF NEW ISSUES.

2. DURING APRIL RECORD NUMBER OF BOND ISSUES WERE ANNOUNCED INVOLVING KUWAIT-BASED INSTITUTIONS AS UNDERWRITERS OR MANAGERS. KUWAITI INSTITUTIONS PARTICIPATED IN UNDERWRITING OF FIFTEEN BOND ISSUES WORTH BETWEEN \$300 AND \$400 AND OF THESE SEVEN OR ALMOST HALF WERE MANAGED BY KUWAITI COMPANIES. IN MARCH ELEVEN ISSUES WERE ANNOUNCED ONLY FOUR OF WHICH WERE MANAGED BY KUWAITI COMPANIES. BY WAY OF COMPARISON, DURING FIRST TEN MONTHS OF 1974 KUWAITIS PARTICIPATED IN 21 ISSUES, MANAGING SEVEN. IN LAST TWO MONTHS THEY PARTICIPATED IN 36 ISSUES AND MANAGED 11.

3. AMONG ISSUES ANNOUNCED IN APRIL WAS ONE KUWAITI DINAR ISSUE (AUTOPISTAS DE CATALUNA Y ARAGON; KD6 MILLION) AND A \$60 MILLION ISSUE FOR THE ROMANIAN BANK FOR FOREIGN TRADE PLACED SOLELY BY KUWAIT INVESTMENT COMPANY. A \$30 MILLION MITSUBISHI BOND ISSUE WAS PLACED IN KUWAIT SOLELY WITH ARAB INSTITUTIONS. DURING APRIL LOCALLY BASED NEW COMPANY, ARAB FINANCIAL CONSULTANTS COMPANY (AFCC) WAS FOR FIRST TIME LISTED AS MANAGER OF INTERNATIONAL BOND ISSUE, BECOMING FOURTH KUWAITI INSTITUTION TO DO SO. IN NEAR FUTURE OTHER INVESTMENT COMPANIES ARE EXPECTED TO BECOME MORE ACTIVE IN THIS AREA, AND KUWAIT INDUSTRIAL BANK INTENDS ISSUE ITS OWN DINAR BONDS IN LOCAL MARKET.

4. IN RECENT PRESS INTERVIEW, GOK DIRECTOR OF INVESTMENTS KHALED ABU SU'UD SAID GOK LIKELY TO PLACE ABOUT \$800 MILLION IN EUROBONDS THIS YEAR. THIS WOULD REPRESENT ABOUT 20 PERCENT OF TOTAL GOK INVESTIBLE SURPLUS FOR THE YEAR.
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